ORDINANCE NO. 74

SERIES 1974

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF PROMISSORY NOTES OF THE CITY OF ELGIN, OREGON, IN THE AGGREGATE PRINCIPAL SUM OF SIX HUNDRED THOUSAND DOLLARS ($600,000.00) FOR THE PURPOSE OF PROVIDING INTERIM FINANCING FOR THE COST OF ACQUISITION, CONSTRUCTION AND REPAIR OF A WATER SYSTEM WITHIN AND WITHOUT THE BOUNDARIES OF THE CITY OF ELGIN, OREGON, AND AUTHORIZING AND DIRECTING THE CITY RECORDER TO ADVERTISE FOR WRITTEN BIDS ON SAID NOTES, AND DECLARING AN EMERGENCY.

WHEREAS the City Council of the City of Elgin, Oregon, having been authorized by a majority vote at a special election held February 26, 1974, to issue general obligation water bonds in an amount not to exceed the sum of Six Hundred Thousand Dollars ($600,000.00), payable from the net revenues of the water system of the said City and from taxation for the purpose of providing funds to be used for the acquisition, construction and repair of a water system within and without the boundaries of the City of Elgin, Oregon, and, after said bonds were advertised for bids, the Farmers Home Administration, an agency of the Federal Government, agreed in writing to purchase said bonds from currently available funds at an interest rate of five per cent (5%) per annum. The said bonds to be delivered and dated November 1, 1975; and

WHEREAS, the amount of the proposed total promissory notes to be issued for interim financing shall not exceed the estimated unpaid cost of the proposed construction for which the above-mentioned bonds have been authorized, and there have not been unissued bonds previously authorized for the said utility construction, now, therefore,

The City of Elgin ordains as follows:

Section 1: Acting pursuant to the provisions of Chapter 488, Oregon Laws, 1973, the City of Elgin shall issue and sell promissory notes in the aggregate principal sum of Six Hundred Thousand Dollars ($600,000.00) for the purpose of providing interim financing for the

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cost of acquisition, construction and repair of water system within and without the boundaries of the City of Elgin, Oregon, including the acquisition of such easements and property rights, the cost of construction, engineering expense, legal fees and other related costs.

Said notes shall be in usual form, shall be negotiable, shall be limited general obligations, and shall be in the amounts and dated as set forth below and shall bear interest at the rate bid, both to principal and interest payable on or before the due date as follows:

Date of Issue	Amount	Due Date
October 1, 1974	$ 140,000.00	October 1, 1975
February 1, 1975	160,000.00	October 1, 1975
May 1, 1975	180,000.00	October 1, 1975
July 1, 1975	120,000.00	October 1, 1975

City reserves the right to reject any and all bids for the notes.

The Farmers Home Administration has agreed to purchase an issue of general obligation water bonds of the City of Elgin in the aggregate principal amount of not less than Six Hundred Thousand Dollars ($600,000.00), the proceeds of which will be used to retire the notes.

Section 2: The notes will be sold for not less than their par value to the bidder offering the lowest effective interest rate to the City. The bid must contain a statement of the net interest cost. The notes will be issued pursuant to the applicable provisions of Chapter 488, Oregon Laws, 1973 regular session. Both principal and interest are payable at the office of the City Recorder, Elgin, Oregon. The notes will be redeemable at the option of the City at any time prior to maturity and will be delivered to the successful bidder or his designated agent in Elgin, Oregon, as soon after the sale as practicable. The City of Elgin will make the award of the promissory notes at 8:00 o'clock p.m., September 26, 1974. The approving legal opinions of Rankin, Walsh, Ragen & Roberts, Attorneys at Law, Portland, Oregon will be supplied the successful bidder, together with the opinion of the said counsel as to the tax status of the notes. Both principal and interest shall be payable in the lawful money of the United States

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of America at the office of the City Recorder of the City of Elgin, Oregon, and the notes will be signed by the mayor and countersigned by the city recorder, with the corporate seal of the City affixed. The principal and interest of the notes and the interest thereon shall be payable in full not later than the due date thereof, but only from and at the time of receipt of the proceeds of the sale of the general obligation water bonds issued to finance such construction, and from the funds provided from water revenues and taxation as hereinafter prescribed, for the payment of interest accruing thereon. The maturity date of said notes, hereinabove specified, is the date estimated by the City as the completion of the project for which the bonds above-mentioned and the said interim financing has been secured.

Section 3: As provided in Chapter 488, Oregon Laws, 1973 regular session, the city recorder is hereby authorized and directed to advertise the promissory notes for public sale or written bids at a price not less than par value and to bear interest at the interest rate bid, but in no event to bear interest at a net effective rate in excess of that authorized and limited by ORS 288.510, the sale to be held September 26, 1974, at 8:00 o'clock p.m.; and the notice thereof shall specify that the City reserves the right to reject any or all bids for the notes. A certified or cashier's check of or on a bank doing business in the State of Oregon payable to the order of the City of Elgin in the amount of two per cent (2%) of the par value of the notes offered for sale is to accompany the bid. The city recorder shall cause the notice of sale to be published at least ten (10) days prior to the date of the bid opening, in one issue of The Observer, a newspaper of general circulation printed and published within Union County, Oregon.

Section 4: Protection and disposition of funds. The city recorder shall be the custodian of the proceeds of all notes sold hereunder and such proceeds shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation; provided, that if

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any or all of the promissory notes are purchased by any bank in the State of Oregon, the city recorder may cause the funds to be deposited in said bank to the extent that it is insured by the Federal Deposit Insurance Corporation. The city recorder is directed to establish the following account into which the note proceeds and the revenues from the water system shall be deposited for so long as the said notes remain outstanding and unpaid, which account shall be continued and maintained for said purpose, except as otherwise herein provided, for so long as the said notes remain unpaid:

Construction Account: The proceeds of the notes hereby authorized shall be deposited in the construction account which shall be established as a "supervised banking account". The amounts in the supervised bank account exceeding the insurance available from the Federal Deposit Insurance Corporation shall be secured by the depository bank in accordance with state and federal law. Withdrawals from the supervised bank account shall be made only on checks signed by the city recorder of the City as authorized by the City Council from time to time, countersigned by the county supervisor of the Farmers Home Administration, or his designee, and only for the purposes for which the note was issued as specified in the estimate of cost. The City's share of any liquidated damages and other monies paid by defaulting contractors or their sureties shall be deposited in the construction account to assure completion of the project. When the construction of the project has been completed, or all construction costs have been paid in full, any balance remaining in the construction account shall be used immediately to pay or apply on the payment of any such notes as may thereafter fall due, or, if said notes have been paid from the proceeds of the sale of the said general obligation water bonds, then the said balance shall be applied to the payment of bonds in the manner prescribed in Section 4 of the ordinance authorizing the bonds.

Section 5: Emergency. Whereas, conditions in the City of Elgin relating to the condition of its public water system and the public need now and in the future, as well as the prospect for proposed financing resources, are such that an early commencement of the project and the financing thereof is essential to the public health, peace, safety and welfare, an emergency is hereby declared to exist and this ordinance shall take effect and shall be in full force and effect after its adoption by the Council and approval by the mayor.

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PASSED this 10th day of September, 1974, by Five (5) Councilpersons voting therefor.

APPROVED this 10th day of September, 1974.

Warner L. Stein
WARNER L. STEIN, Mayor

ATTEST:

Ron Scoubes
Ron Scoubes, City Recorder

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